

# Tax Agenda Greece

October 2024



Shape the future  
with confidence

No.	Fact	Action
1	<p><b>Changes to the double-tax treaty (DTT) framework of Greece</b></p> <p>On 25 October 2022, Law 4984/2022 ratified the new DTT concluded between Greece and France. The new DTT fundamentally revises what was provided for in the previous DTT (in force since 1965). The tax treaty has entered into force as of 23 December 2023.</p> <p>Also, on 17 January 2022, Law 4879/2022 ratified the DTT concluded between Greece and Singapore. Entry into force is set for 01 January 2023.</p> <p>Greece also signed a new DTT with Japan on 01 November 2023.</p> <p>Negotiations for a Protocol to the DTT with Moldova may commence in the forthcoming period.</p>	<p>Review your local group presence in order to assess whether there is any potential impact arising from the new DTT framework.</p>
2	<p><b>Automatic Application Process for Tax Residence Certificates</b></p> <p>The Tax Administration has fundamentally changed the process for the issuance of the tax residence certificate for the purposes of the implementation of the Double Tax Treaties.</p> <p>The relevant application will, going forward, be submitted digitally, while the certificate is also issued in this way.</p> <p>Therefore, the private individual or by the legal representative of the legal person or legal entity may apply for it exclusively through the tax residence certificate issuance application on the digital portal of the Greek Tax Administration ("myaade"), stating also any required information (such as the type of income obtained abroad).</p> <p>A separate application is required for a certificate pertaining to different administrative regions, years or types of income.</p>	<p>Consider the way that this digital process may simplify the issuance of tax residence certificate for local companies.</p>

Use text boxes above the timeline to plan your actions for coming months

● Compliance    ● Risk management    ● Cash-flow and ETR impact



No.	Fact	Action
3	<p><b>List of Jurisdictions for 2023 Automatic Exchange of Information on Country-by-Country Reporting</b></p> <p>The Greek Tax Administration provided the list of jurisdictions to which Greece will apply the OECD Automatic Exchange of Information Agreement on Country-by-Country (CbC) Reporting in 2023 concerning information relating to 2021.</p>	<p>Analyze the impact of this development based on the jurisdictions where the group is present.</p>
4	<p><b>Enactment of Public CbCR Directive</b></p> <p>Greece has proceeded with the incorporation into its domestic legislation of the Public Country-by-Country Reporting Directive, applicable for financial years that will start as of 22 June 2024.</p> <p>The required reporting comprises of data related to income taxation of multinational groups, specific stand-alone entities and branches operating in Greece.</p> <p>Fines ranging from EUR 10,000 to EUR 100,000 are also provided, calculated by taking into account the turnover, the financial situation and any repetition of offence by the liable person.</p>	<p>Consider the potential impact of this development and put in place the necessary processes to safeguard compliance.</p>
5	<p><b>Taxation of fees provided in Greece by a permanent establishment of foreign legal persons or entities resident for tax purposes in Switzerland or in a state with non-discriminatory Double Tax Treaty provisions</b></p> <p>Clarifications were provided by the Greek Tax Administration regarding the tax treatment of fees paid for services provided in Greece by a permanent establishment of a foreign legal person or entity, which is tax resident in Switzerland or in a state with a Double Tax Treaty has been concluded including non-discriminatory provisions (of the same content as that of par. 3 of Article 23 of the DTT between Greece and Switzerland).</p> <p>More specifically, it has been clarified that fees for technical services, management fees, fees for consulting or similar services earned through such a Greek permanent establishment are not subject to withholding tax. Therefore, the treatment already applying to payments to Greek or EU legal persons so far has been extended to these cases, as well.</p> <p>This treatment is still not extended to certain narrowly defined fees (such as the fees paid for technical works).</p>	<p>Assess the potential tax impact on the payments for such fees received by the Greek permanent establishments of a foreign (non-EU) group company.</p>
6	<p><b>Based on new administrative guidance, trusts that indirectly hold real estate properties located in Greece could be eligible for exemption from the Special Real Estate Tax (SRET)</b></p> <p>Holding structures that include trusts and that indirectly hold Greek real estate properties can potentially be entitled to exemption from SRET, if the required documentation evidencing their holding structure up to the level of the ultimate beneficial owners (UBOs) is in place. These ultimate beneficiaries must be private individuals holding a Greek tax identification number.</p> <p>An additional condition for the granting of the SRET exemption is that the trust must not be based in a non-cooperative jurisdiction (according to the Greek administrative guidance).</p>	<p>Analyze the impact of this new administrative guidance regarding trusts and safeguard compliance with the updated procedural requirements.</p>

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	<p><b>Updates and clarifications of certain procedural aspects for exchange of tax information requests</b></p> <p>Administrative guidance was recently issued by the Greek Tax Administration in order to update and comprehensively set out the framework, procedural and timing aspects for exchange of information requests under existing international instruments.</p>	<p>Monitor the impact of this new administrative guidance in case of exchange of tax information requests.</p>	
7	<p>The information requested must be provided at the latest within 6 months from the date of the request receipt. If readily available (e.g. income tax returns), the relevant data should be exchanged within the time limits set, as appropriate. For example, under EU Directive 2011/16/EU an exchange should take place within 2 months, while under the Convention on Mutual Administrative Assistance in Tax Matters within 90 days. In exceptional cases, the authorities concerned may agree on different deadlines Procedural aspects (such as, the forms to be used) were also specified by the Greek Tax Administration.</p>	●	
8	<p><b>Tax exemption for the interest from Greek government bonds and treasury bills</b></p> <p>Interest income derived from Greek government bonds and treasury bills is now also exempt from corporate income tax. In the past, such exemption was only applicable to individuals.</p>	<p>Assess the impact of this legislative amendment to the income earned (or to be earned) from the current or future investment portfolio of the group companies.</p>	● ●
9	<p><b>Updated Advance Pricing Agreement (APA) procedures</b></p> <p>Recent administrative guidance was issued regarding amended procedural aspects (such as, the application process, deadlines, conditions for resubmitting requests) for APAs. Following evaluation of a submitted application, Greek authorities will either affirm or reject the suggested methodology and thus the pricing suggested by a taxpayer in the cross-border transactions with its group affiliates.</p> <p>Importantly, the new process also provides for a retrospective force clause. In other words, an interested taxpayer may request the extension of the methodology approved for a given tax year also for preceding ones, subject to certain conditions. In particular, the circumstances should not have changed materially.</p>	<p>Review the updated APA processes and assess the feasibility of such a course of action.</p>	● ● ●
10	<p><b>New administrative guidance relevant to the interpretation of an individual's tax residence</b></p> <p>Administrative guidance was recently published aiming to clarify and apply in a consistent manner the Greek tax residence related rules. In relevant Circular 2064/2023, the Greek Tax Administration confirmed once again the alignment of the domestic framework with OECD (in particular with the 2017 OECD Model Tax Convention on Income and on Capital Commentary) and European Union standards and guidance.</p> <p>If an individual declares that they intend to be considered as a Greek tax resident, no further assessment shall be made at the time, but only when a subsequent dispute comes up.</p> <p>Further elaboration regarding key concepts (e.g., "permanent residence", "habitual residence", center of vital interests", etc.) has been included in the said circular, alongside examples.</p>	<p>Assess the tax residence status of individuals - employees with cross-border presence and links to the Greek jurisdiction</p>	●

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11	<p><b>Developments related to cryptocurrencies</b></p> <p>The Dispute Resolution Directorate of the Greek Tax Administration ruled that the sale of cryptocurrencies is subject to VAT, being not exempt. In particular, it was concluded that cryptocurrencies are not considered as legal means of payment (absent official state recognition), thus not falling under the relevant exemption of the Greek VAT Code about foreign exchange, banknotes, and coins that are legal means of payment.</p> <p>In addition, the aforesaid Directorate also ruled that - for income tax purposes - the income from the disposal of cryptocurrencies does not qualify for capital gains taxation under articles 42 and 42A of the Greek Income Tax Code. The latter rules include a restrictive list of securities that qualify for capital gains taxation.</p>	<p>Analyze the potential impact of these developments on related activities.</p>
12	<p><b>Developments related to Contracts for Developments (CFDs)</b></p> <p>Recently published administrative guidance (Circular E. 2066/2023) states that the notional income stemming from CFDs is subject to VAT at a 24% rate. In brief, VAT exemption applies solely to derivatives traded on the stock exchange market, excluding over-the-counter derivatives (such as CFDs).</p> <p>The Greek Tax Administration additionally clarified (with Circular E. 2068/2023) amongst others that the income from CFDs should be deemed as income from the provision of services.</p>	<p>Assess the potential impact of these developments on any CFD investments.</p>
13	<p><b>Changes in the taxation of benefits from Occupational Pension Funds and Group Pension Plans and caps introduced for contributions</b></p> <p>A maximum limit (cap) has been introduced on the amount of contributions that can be paid by the employee and the employer into Voluntary Occupational Pension Funds and Mutual Assistance Funds, as well as on the premiums paid by the employee and the employer on behalf of the employee in the context of group life insurance pension plans. The changes are effective for contributions paid in fiscal years starting from 01 January 2024.</p> <p>A progressive taxation system has been put in place for the benefits stemming from Professional Insurance Funds as well as Group Pension Plans, which depends on the insured individual's years of coverage (i.e., the more years an individual has been a covered person, the lower the tax rate will be).</p> <p>Further information may be found here: <a href="#">Tax treatment of contributions and benefits of Occupational Pension Funds (TEA), insurance premiums and benefits of group life insurance pension plans (ey.com)</a>.</p>	<p>Review the changes to the taxation system of Professional Insurance Funds and assess any related impact.</p>
14	<p><b>Reduction of Capital Concentration Tax (CCT) and listed shares' Sales Tax rates</b></p> <p>The CCT rate has been reduced to 0.2% (previously applicable rate was 0.5%), effective for tax liabilities due as of 11 December 2023.</p> <p>In addition, the Sales Tax imposed on the sale of shares listed on stock exchange has been reduced to 0.1% (previously applicable rate was 0.2%). This change is effective from 02.01.2024.</p>	<p>Assess the potential impact of these developments on contemplated share capital increase, as well as on any sales of listed shares</p>

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15	<p><b>Updated list of non cooperative jurisdictions for tax purposes</b></p> <p>The Greek Ministry of Finance and Economics included in Decision No. 1160/2023 an updated list of non cooperative jurisdictions for tax purposes. The list relates to tax year 2022. Certain states (e.g., Jordan and Paraguay) are not included in the relevant list anymore.</p>	
16	<p><b>Royalty withholding tax (WHT) on payments for using advertising software</b></p> <p>The Dispute Resolution Directorate of Greek Tax Administration ruled that payments made by a Greek tax resident taxpayer for the use of software platforms (e.g., websites or applications) for advertising should in principle qualify as royalties, thus being subject to WHT at source.</p> <p>On the merits of the case, the payments related to the use of special software that aided the sophisticated and targeted online advertising of the payer. The Directorate again referred to relevant OECD guidance, but stated also that the domestic royalty definition may be broader than the one of the OECD Model Tax Convention on Income and on Capital (in view of the Reservation included by Greece in the relevant Commentary sections).</p>	<p>Assess any relevant payments made in order to safeguard compliance with the interpretation of the Greek Tax Administration.</p>
17	<p><b>Developments in the digital tax environment - Electronic books (myDATA) - Electronic invoicing - Electronic delivery notes</b></p> <p>Government announcements and provisions of recently voted tax bill</p> <ul style="list-style-type: none"> <li>▶ As announced, the Greek government has submitted a request to the European Commission in order to obtain the necessary approval for the mandatory implementation of e-invoicing within 2024 (i.e., not only on B2G but also on B2B transactions).</li> <li>▶ Extension of the tax incentives relating to e-invoicing (article 71ΣΤ of Law 4172/2013) up to tax year 2024 (incl).</li> <li>▶ E-books (myDATA) are implemented “universally” from 2024 onwards with the purpose of ensuring that: (i) declared revenues are not lower than those derived from electronic information and (ii) tax deductions and deductible expenses are not taken into account, both for income tax and VAT purposes, to the extent that the tax documents on which the latter are based on, have not been previously transmitted electronically.</li> <li>▶ From 1 January 2024, VAT returns are pre-filled based on the data transmitted to myDATA platform and are “locked” for editing.</li> <li>▶ Penalties related to omission and late transmission of data to the digital platform myDATA were introduced. A decision to define the process and relevant details for the penalties’ activation is pending to be issued.</li> <li>▶ POS are mandatorily interconnected with the Tax Administration and the obligation for their use to all sectors of retail market is expanded.</li> <li>▶ Payment Service Providers (Acquirers) and Network Service Providers (NSPs) are obliged to file a declaration for their compliance.</li> <li>▶ By recent decisions A.1048/2024 and A.1049/2024 of the Greek Tax Administration, the mandatory direct interconnection between tax machines and the relevant platforms has been extended until 01.11.2024 onwards.</li> </ul>	<p>Review your tax accounting processes in order to safeguard compliance with the relevant requirements.</p>

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18	<p><b>Updates regarding the implementation of BEPS Pillar Two in Greece</b></p> <p>In a press release dated 9 January 2024, the Greek Ministry of Finance clarified the main parameters of the Bill that will incorporate BEPS - Pillar Two and the Minimum Taxation Directive (2022/2523) into domestic law. This shall be relevant to 19 Greek groups and 900-950 Greek subsidiaries of foreign groups, which should have generated revenue in excess of EUR 750 million during the last 2 out of 4 years.</p> <p>Certain exemptions will apply, whereas the Greek Ministry of Finance also provided additional information on the contemplated implementation of the Pillar Two rules in Greece.</p> <p>This set of rules will apply to every state in which there are group's subsidiaries and primarily the one of the parent company of the group is located. The latter may impose top-up taxation for the entire group, including subsidiaries in states with an effective tax rate lower than 15%. The states where the subsidiaries are established may alternatively choose to impose top-up taxation locally.</p> <p>On 02 April 2024, the Greek parliament voted in favor of a Bill implementing the relevant EU Directive 2022/2523, which was subsequently published in the Government Gazette.</p> <p>In brief, the domestic rules enacted closely follow the wording used in the aforesaid EU Directive. Greece opted to apply a qualified domestic top-up tax (QDTT), as well as three safe harbor rules (i.e., a country-by-country report transitional, an Under-Taxed Profits Rule transitional and a QDTT one).</p> <p>As regards the timing aspects, the Income Inclusion Rules shall apply for financial years commencing as of 31 December 2023, whereas the Undertaxed Profit Rules to those commencing as of 31 December 2024 (except for certain cases).</p>	<p>Assess the impact of the rules to be implemented to your group and safeguard compliance with the relevant rules</p>
19	<p><b>Clarifications regarding thin capitalization rules</b></p> <p>The Greek Tax Administration issued a Circular (E.2085/18.12.2023) to provide guidance for the application of the equity and group ratio tests which have been incorporated in the domestic legislation regarding thin capitalization rules since 28 March 2022.</p> <p>In essence, when the taxpayer is part of a consolidated group for accounting purposes, such tests may be applied, under specific prerequisites, in order to allow the taxpayer to deduct higher amounts of exceeding borrowing costs.</p> <p>Finally, as clarified, carried forward tax losses are taken into account in the aforementioned computation as well, since they are set off against business profits of the current fiscal year, determining the final (taxable) result.</p>	<p>Assess any potential impact on the tax deduction of exceeding borrowing costs in accordance with the clarifications issued.</p>

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	<p><b>Abolition of stamp duty and enactment of new digital transaction duty (DTD)</b></p> <p>The Greek Ministry of Finance published a draft bill seeking to abolish stamp duty and replace this with DTD. The latter shall be imposed on specific transactions (e.g., loans, current accounts, deposits and withdrawals, transfer of business, compensation, prizes and awards, as well as certain other specifically defined contracts and transactions).</p>	Monitor the developments and assess any potential impact on local transactions (e.g., financing ones).
20	<p>Certain cases (e.g., corporate loans' interest) previously subject to stamp duty will not be burdened with the DTD.</p> <p>The DTD will be imposed where at least one of the transacting parties is Greek tax resident or a Greek permanent establishment of a foreign tax resident. This will be applicable irrespective of the place of signing or execution of the relevant contract.</p> <p>The changes will be applicable to contracts and transactions concluded or executed as of 1 January 2025.</p>	
	<p><b>Incentives related to mergers and acquisitions (M&amp;A), research and development (R&amp;D) expenses and others</b></p>	Monitor the developments and assess any potential impact on local transactions and entities.
21	<p>The Greek Prime Minister and the Greek Ministry of Finance announced the intention to publish a draft Bill including various tax incentives. As announced, such tax incentives will be, inter alia, the increase of the current super-deduction rate (100%) for R&amp;D expenses, incentives targeted to the commercial use of patents and angel investors as well as enhanced tax incentives relevant to M&amp;As.</p>	

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